



ARCO
VARA

Interim Report for Q3 2026 (unaudited)

INTERIM REPORT FOR THE THIRD QUARTER OF 2026 (UNAUDITED)

Company name	Arco Vara AS
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E-mail	info@arcovara.com
Corporate website	www.arcovara.com
Financial year	1 January 2026 - 31 December 2026
Reporting period	1 January 2026 - 30 September 2026
Supervisory board	Tarmo Sild, Steven Yaroslav Gorelik, Hillar-Peeter Luitsalu, Allar Niinepuu
Chief executive officer	Kert Keskpai
Auditor	KPMG Baltics OÜ

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Management Report

Group CEO's Review

In the third quarter of 2026, Arco Vara AS continued its operations in the real estate development sector. The objectives for the quarter were to sell completed apartments and commercial premises held in inventory and to continue pre-sales in the Spordi and lili developments. At Luther Quarter, design work and a review of the business plan are currently underway.

The progress of each development project is summarised below:

- lili development: Pre-sales at Kodulahe are progressing at a good pace. During the third quarter, five contracts under the Law of Obligations were signed. As of the date of publication of this report, 42 apartments and four commercial premises had been pre-sold. Construction of lili is proceeding according to plan, with the signing of real right contracts and the handover of apartments to customers scheduled to begin in November 2026.
- Spordi development: Sales could be progressing faster. As of the publication date of this report, 29 of the 56 apartments had been sold. During the third quarter, four contracts under the Law of Obligations were signed. The signing of real right contracts and the handover of apartments to customers are scheduled for December 2026.
- Kuldlehe development: There were no changes during the quarter, and the final apartment remains unsold.
- Rannakalda development: During the quarter, two apartments and one commercial unit were sold in the Rannakalda development. After the reporting date, the final apartment was also sold, completing the sale of the entire Rannakalda development.
- Luther Quarter: Active design work and a review of the business plan are underway. The existing business plan did not meet the expectations of the company's Supervisory Board. The objective is to develop a business plan that meets the Supervisory Board's expectations for return on equity.
- Arcojärve: The detailed spatial plan approval process is in its final stages, but the plan has not yet been formally adopted. Based on the best information currently available, the detailed spatial plan could be approved in the fourth quarter of 2026.

- Botanica Lozen development in Bulgaria: During the third quarter, the company signed a preliminary agreement for the sale of a 75% ownership interest. The process is currently progressing according to plan.

35

years of experience

2,900+

new homes

380,000+

developed m²

Arco Vara's loss in the third quarter is attributable to two development projects being in the construction phase. Revenue from pre-sales will be recognised following the conclusion of real right contracts in the fourth quarter of 2026. Accordingly, we forecast an increase in revenue and profit in the fourth quarter.

Following the end of the third quarter, but before the publication of this report, changes were made to the composition of Arco Vara AS's Supervisory Board, and the company's Chief Executive Officer was also replaced. The aim of these changes is to strengthen shareholders' oversight of the company's management at a time when the Luther Quarter business plan did not meet the Supervisory Board's return on equity expectations. Work is currently underway to determine what changes are required to the Luther Quarter business plan to ensure that it meets shareholders' expectations. The next steps for Luther Quarter will become clearer over the coming quarters.

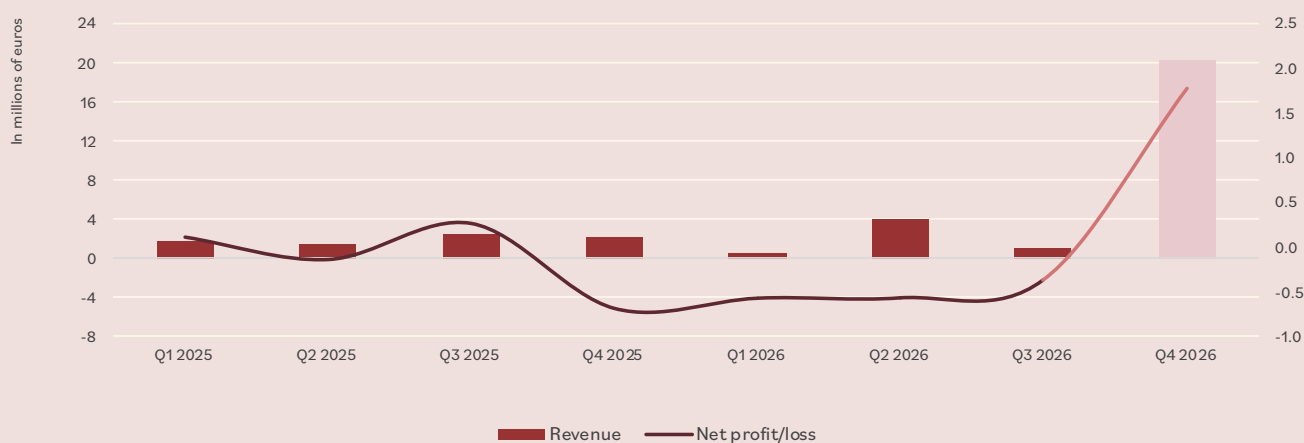
Arco Vara AS plans to introduce a change in its corporate culture, with a stronger focus on results, a winning mentality and a capitalist mindset. This means that future development projects will be undertaken only if the expected return on equity meets the expectations of the company's shareholders.

I can confirm that the development projects currently under construction will be completed and handed over to our customers.

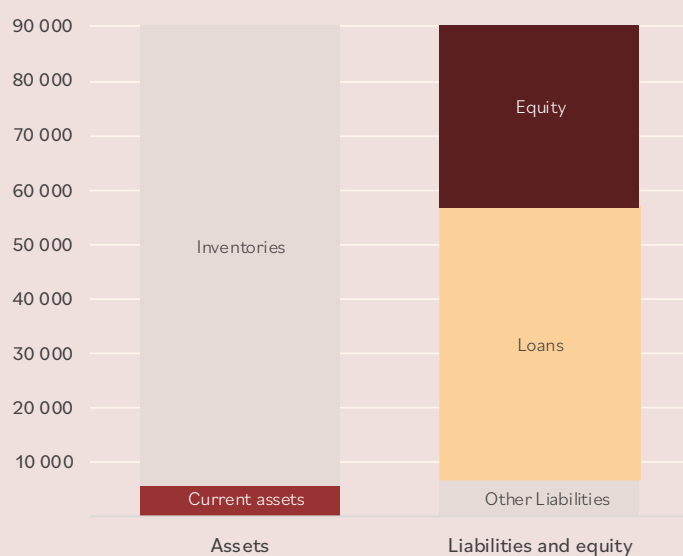
Revenue and net profit/loss

*Forecast

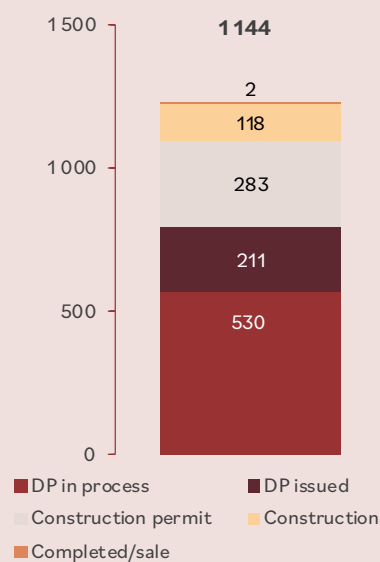
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026*	Total 2026
<i>In millions of euros</i>										
Revenue	1.7	1.4	2.5	2.1	7.7	0.4	3.9	1.0	20.2	25.5
Net profit/loss	0.1	-0.1	0.3	-0.7	-0.5	-0.6	-0.6	-0.4	1.8	0.2



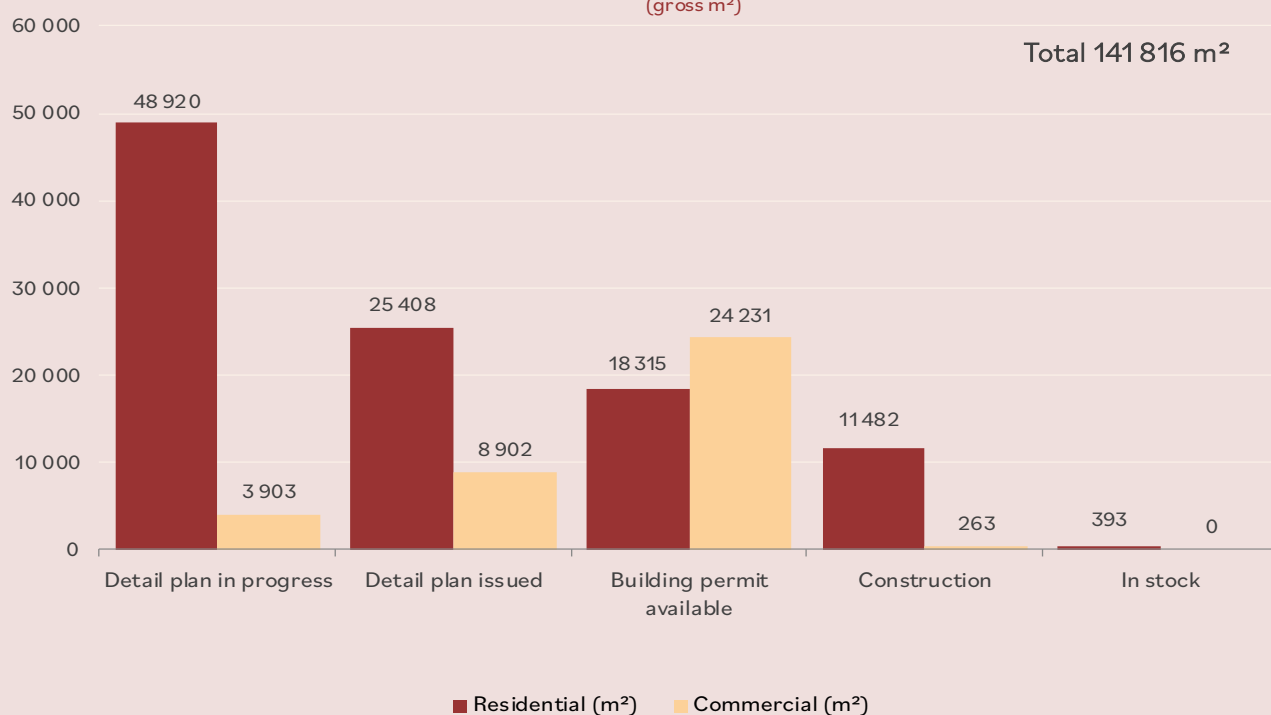
Balance sheet structure 30.09.2026



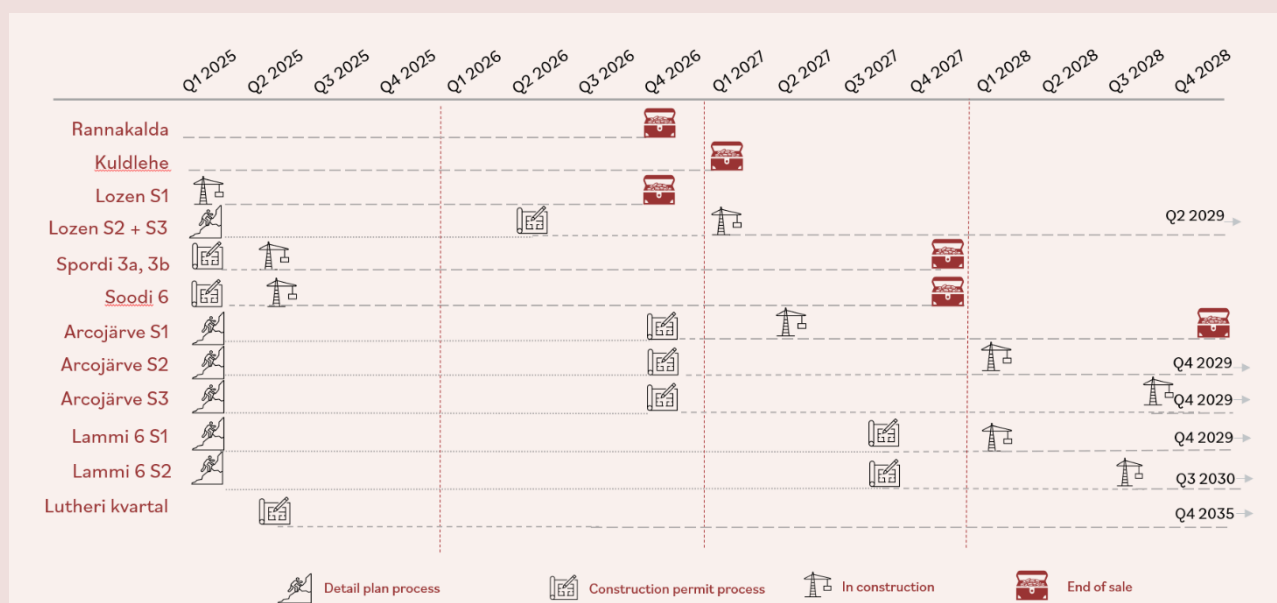
Residential units in development



Development volumes (gross m²)



Development schedule 2025 - 2028



Arco Vara's Active Projects as of 30.09.2026



Project name

Kodulahe Rannakalda

Address

Lammi 8, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Sale

Area of plot m²

9,525

GSA/GLA (above ground)

1,960

No of units (above ground)/ available

113/1



Project name

Botanica Lozen Stage I

Address

Lozen, near Sofia

Product main type

Houses

Project stage

Construction

Area of plot m²

20,190

GSA/GLA (above ground)

5,485

No of units (above ground)/ available

16/0



Project name

Kuldlehe

Address

Lehiku road 11, Tallinn

Product main type

Apartments

Project stage

Sale

Area of plot m²

5,219

GSA/GLA (above ground)

558

No of units (above ground)/ available

5/1



Project name

Stage VI Kodulahe

Address

Iili 6/8/10, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Construction

Area of plot m²

5,444

GSA/GLA (above ground)

4,543

No of units (above ground)/available

66/21



Project name

Spordi 3a, 3b

Address

Spordi 3a, 3b, Tallinn

Product main type

Apartments

Project stage

Construction

Area of plot m²

5,566

GSA/GLA (above ground)

4,312

No of units (above ground)/available

56/30



Project name

Arcojärve

Address

Paldiski road 124b, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Detail plan in process

Area of plot m²

69,506

GSA/GLA (above ground)

<35,529>

No of units (above ground)

<382>

Note: Values presented between < > sign represent future target values for projects which do not have a construction permit yet. The table does not reflect sellable or lettable volumes below grade including parking spaces and storages. The table does not give complete overview of the group's land reserves.

Arco Vara's Active Projects as of 30.09.2026



Project name

Stage VII Kodulahe

Address

Lammi 6, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Detail plan in process

Area of plot m²

14,553

GSA/GLA (above ground)

<12,327>

No of units (above ground)

<182>



Project name

**Stage II and Stage III
Botanica Lozen**

Address

Lozen, near Sofia

Product main type

Houses

Project stage

Detail plan issued

Area of plot m²

27,260

GSA/GLA (above ground)

<11,309>

No of units (above ground)

<155>



Project name

Stage I-IV Luther Quarter

Address

Luther Quarter, Tallinn

Product main type

Apartments, commercial spaces

Project stage

I-III Building permit issued,
IV Detail plan in process

Area of plot m²

35,660

GSA/GLA (above ground)

<51,577>

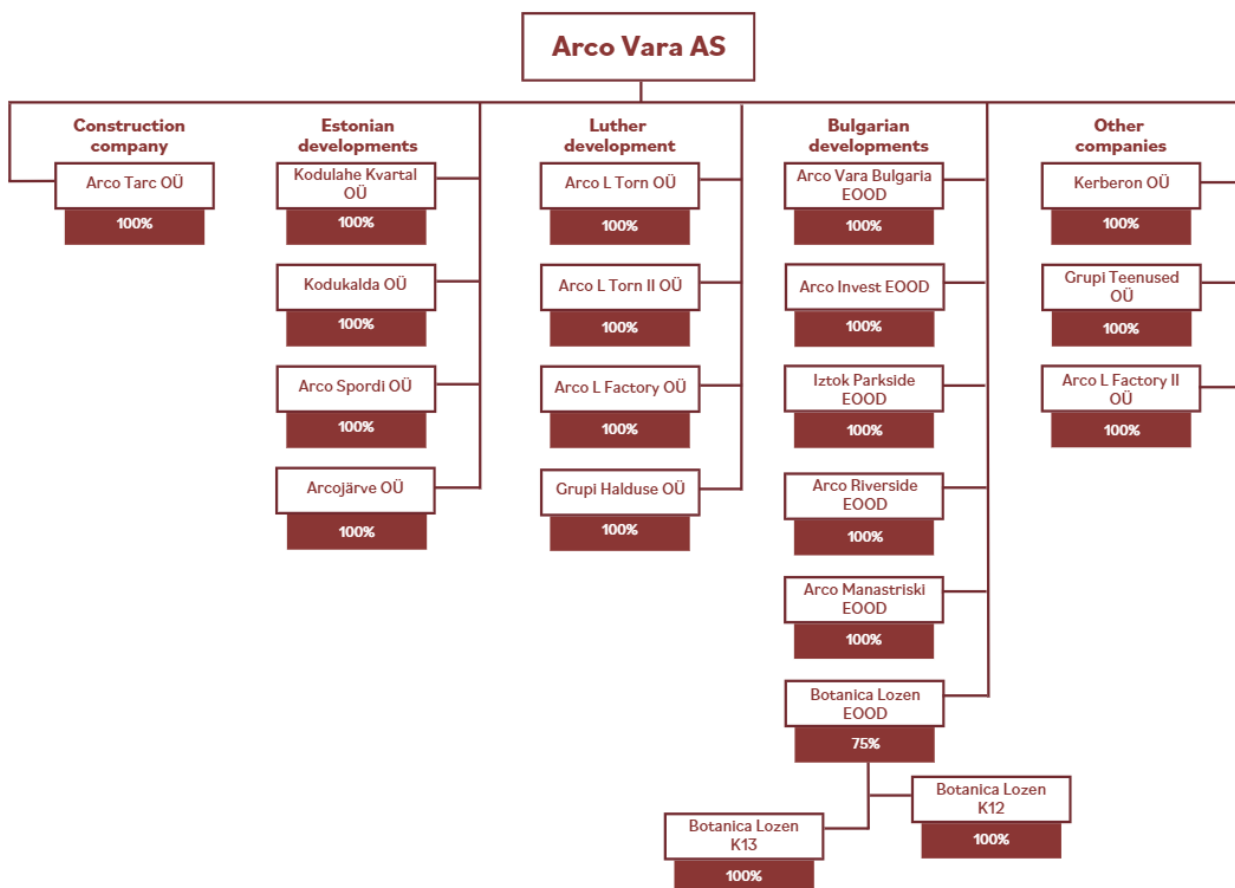
No of units (above ground)

<512>

Note: Values presented between < > sign represent future target values for projects which do not have a construction permit yet. The table does not reflect sellable or lettable volumes below grade including parking spaces and storages. The table does not give complete overview of the group's land reserves.

Group structure

Arco Vara AS is part of the OÜ Alarmo Kapital group. As of 30 September 2026, the Group consisted of 20 companies.



Significant subsidiaries as of 30.09.2026

Company name	Location	Share capital (nominal value)	Equity 30.09.2026	Group's shareholding
		<i>In thousands of euros</i>	<i>In thousands of euros</i>	
Kodulahe Kvartal OÜ	Estonia	140	4,340	100%
Kerberon OÜ	Estonia	5	1,778	100%
Arcojärve OÜ	Estonia	28	506	100%
Arco Tarc OÜ	Estonia	3	2,514	100%
Arco L Torn OÜ	Estonia	3	-315	100%
Arco Spordi OÜ	Estonia	3	289	100%
Arco L Torn II OÜ	Estonia	3	424	100%
Botanica Lozen EOOD	Bulgaria	8,700	6,202	75%

Key Performance Indicators

- The Group's revenue for the first nine months of 2026 amounted to EUR 5,316 thousand, representing a decrease of EUR 308 thousand compared with the first nine months of 2025.
- For the first nine months of 2026, the Group reported an operating loss (EBIT) of EUR 1,441 thousand and a net loss of EUR 1,533 thousand. In the first nine months of 2025, the Group generated an operating profit of EUR 622 thousand and a net profit of EUR 214 thousand.
- During the third quarter of 2026, the Group sold 12 apartments in its development projects, of which 9 were sold under preliminary sale and purchase agreements and 3 under real right contracts. By comparison, in the third quarter of 2025, the Group sold 23 apartments, of which 17 were sold under a preliminary sale and purchase agreement and 6 under real right contracts.
- As of 30 September 2026, the Group had 53 apartments available for sale across its development projects. As of 30 September 2025, the Group had 14 completed apartments and 1 commercial unit in inventory.
- As of the end of the nine months of 2026, the Group's net debt amounted to EUR 47,139 thousand, an increase of EUR 12,954 thousand compared with the end of the corresponding period of the previous year. The increase in net debt was primarily attributable to the utilisation of development loans to finance the construction of the Group's ongoing real estate development projects. As of 30 September 2026, the weighted average interest rate on the Group's interest-bearing liabilities was 8.83%.

Key performance indicators

	9 months 2026	9 months 2025
<i>In thousands of euros</i>		
Revenue	5,316	5,624
Operating profit/(loss)	-1,441	622
Finance income and costs	124	-28
Interest income and costs	-216	-368
Income tax	0	-13
Net profit/loss	-1,533	214
Cash flows from operating activities	-14,028	
Cash flows from investing activities	2,616	
Cash flows from financing activities	11,622	
Net cash flow	209	
Cash and cash equivalents at the beginning of period	2,784	1,472
Cash and cash equivalents at the end of the period	2,993	13,106
Total assets at end of period	94,010	93,933
Invested capital at end of period	87,162	76,825
Net debt at end of period	47,139	34,185
Equity at end of period	37,029	37,402

* Comparative cash flow information is not presented due to a change in methodology (from the direct method to the indirect method) and is therefore not comparable with prior periods. Cash flow data for 2025 is presented in the report for the respective period.

Key Ratios

	30 September 2026	30 September 2025
Net profit ratio (rolling, four quarters)	-34.02%	4.82%
EPS (in euros)	-0.09	0.01
Diluted EPS (in euros)	-0.09	0.01
EBITDA per share (in euros) (rolling, four quarters)	-0.10	0.07
ROIC (rolling, four quarters)	-2.59%	0.65%
ROE (rolling, four quarters)	-6.07%	1.04%
ROA (rolling, four quarters)	-2.46%	0.47%
Equity ratio	0.39	0.40
Current ratio	8.95	9.60
Quick ratio	0.54	2.14
Financial leverage	2.54	2.51
Average loan term (in years)	1.41	2.42
Average annual interest rate of loans	8.83%	9.08%
Number of staff, at period end	15	14

Formulas used:

Net profit ratio = net profit attributable to owners of the parent / revenue for the last four quarters

Earnings per share (EPS) = net profit attributable to owners of the parent / weighted average number of ordinary shares outstanding during the period

Diluted earnings per share (Diluted EPS) = net profit attributable to owners of the parent / (weighted average number of ordinary shares outstanding during the period + number of all potentially issued shares)

EBITDA per share = the sum of operating profit and depreciation and amortisation of tangible and intangible assets for the last four quarters / weighted average number of ordinary shares during the period

Invested capital = current + non-current interest-bearing loans and borrowings + equity (at the end of period)

Net loans = current + non-current interest-bearing loans and borrowings - cash and cash equivalents

Return on invested capital (ROIC) = profit before tax of last four quarters / average invested capital

Return on equity (ROE) = net profit of last four quarters / average equity

Return on assets (ROA) = net profit of last four quarters / average total assets

Equity ratio = equity / total assets

Current ratio = current assets / current liabilities

Quick ratio = (current assets - inventory) / current liabilities

Financial leverage = total assets / equity

Number of staff = number of people working for the group under employment or service contracts

Operating report

The Group's revenue for the third quarter of 2026 amounted to EUR 997 thousand (Q3 2025: EUR 2,531 thousand), of which EUR 860 thousand (Q3 2025: EUR 2,407 thousand) was generated from the sale of real estate in the Group's own development projects.

Other revenue mainly comprises franchise fee income from the Group's real estate agencies in Estonia, Latvia and Bulgaria. Franchise fee income amounted to EUR 83 thousand in the third quarter of 2026 (Q3 2025: EUR 75 thousand).

Estonian Development Projects

Kodulahe Quarter – lili 6/8/10 (formerly Soodi 6)

The sixth stage of the Kodulahe Quarter is approaching completion. The three apartment buildings have been fully constructed, and the focus of construction has shifted to interior finishing works and the installation of technical systems. Completion is scheduled for autumn 2026 and beginning of 2027, with the execution of final sale and purchase agreements expected to commence in November–December. Sales performance has been strong: by the date of publication of this quarterly report, 42 apartments and all four commercial units had been pre-sold.

Kodulahe Quarter – Rannakalda

The third quarter of 2026 marked a successful conclusion for the Rannakalda development, with the final commercial unit, the pavilion, and two apartments sold. One apartment was sold after the report date. With these sales, the entire Rannakalda development has been successfully sold, marking an important milestone and the successful completion of the development project.

Kuldlehe

At the boutique residential development in Piritä, only one of the five exclusive homes remains available for sale.

Spordi 3a and 3b

The Spordi development is progressing steadily towards completion. Construction has reached the interior finishing stage, with completion of the buildings scheduled for autumn 2026. The execution of final sale and purchase agreements is expected to commence in December. Sales are progressing steadily, and as of the publication date of this quarterly report, 27 of the 56 apartments remain available for sale.

Arcojärve

Preparations for the Arcojärve development project are nearing completion. Approval of the detailed spatial plan is expected by the end of 2026, and most of the design work has been completed. The company aims to obtain

the building permit in the first half of 2027 and commence construction immediately thereafter.

Luther Quarter

Preparations for the development of Luther Quarter continued during the reporting period. Various development alternatives are being assessed with the aim of identifying the solution that best supports the quarter's potential and long-term value. The planning of future activities will take into account the project's economic viability, market conditions and the changed economic environment.

Bulgarian Development Projects

In the second quarter of 2026, Arco Vara sold 25% stake in the Bulgarian development company Botanica Lozen EOOD to its local partner, Kamaleo Invest OOD. Under the agreements concluded as part of the transaction, the partner assumed responsibility for the day-to-day implementation of the Botanica Lozen residential development project, while Arco Vara retained control of the company.

In the third quarter, Arco Vara took another significant step towards exiting the Bulgarian real estate development market by signing a preliminary agreement for the sale of its remaining 75% stake to Kamaleo Invest OOD. Upon completion of the transaction, the local partner will become the sole shareholder of Botanica Lozen EOOD, enabling Arco Vara to redirect its capital and focus on development projects in Estonia, including the Luther Quarter and the Arcojärve development.

All 16 houses in the first phase of Botanica Lozen have been sold. As of the publication date of this quarterly report, 15 houses have been handed over to clients, with the handover of the final house scheduled for the last quarter of 2026. The entire development project is scheduled for completion no later than July 2029.

These transactions support Arco Vara's strategic objective of focusing on the Estonian real estate market and allocating the released capital to new development opportunities.

Other

In the third quarter of 2026, Arco Vara AS sold the padel centre located at Helme 18 in Tallinn. The sale price, including VAT, was EUR 2.88 million, exceeding the asset's carrying value.

The transaction is in line with the company's strategy of focusing on residential real estate development. The capital released from the sale will be allocated primarily to financing the Luther Quarter and Arcojärve development projects.

People

Remuneration

As of 30 September 2026, the Group employed 15 people (31 December 2025: 15 people).

Personnel expenses for the nine months of 2026 amounted to EUR 707 thousand, compared with EUR 456 thousand in the corresponding period of 2025. These personnel expenses also include the remuneration of the construction team, which is capitalised as part of the cost of development projects under construction and recognised as an expense through the cost of apartments sold.

Personnel expenses include remuneration accrued to the Chief Executive Officer of the parent company, including social tax, amounting to EUR 274 thousand for the first nine months of 2026, of which EUR 58 thousand was recognised in the third quarter (first nine months of 2025: EUR 177 thousand, of which EUR 59 thousand was recognised in the third quarter).

During the first nine months of 2026, remuneration paid to the members of the Supervisory Board, including social tax, totalled EUR 68 thousand, of which EUR 21 thousand was recognised in the third quarter. In the first nine months of 2025, remuneration accrued to the Supervisory Board totalled EUR 20 thousand, of which EUR 11 thousand related to the third quarter.

Management board and Supervisory board

In October 2026, changes were made to the management and supervisory boards of Arco Vara AS. By resolution of the Supervisory Board, Rait Riim was recalled from the Management Board effective 8 October 2026, and Kert Keskaik was appointed as the company's new Management Board member and CEO. Keskaik has over 20 years of experience in the real estate sector and has served as a member of Arco Vara's Supervisory Board since 2015 and as its Chairman since July 2025.

Following his appointment to the Management Board, Kert Keskaik's term as a member of the Supervisory Board ended. Tarmo Sild was elected the new Chairman of the Supervisory Board. He represents Arco Vara's major shareholder, Alarmo Kapital, on the Supervisory Board and previously led Arco Vara from 2012 to 2020.

The Management Board's key responsibilities include reviewing the business plan for the Luther Quarter and evaluating future projects within the company's development portfolio, based on return on equity targets and a balanced risk-return profile for shareholders.

In the second quarter of 2025, the General Meeting of Shareholders extended the terms of office of the Supervisory Board members for a further five years.

The remuneration of the Chairman of the Supervisory Board was set at EUR 5,000 per month (net), while the remuneration of the other members of the Supervisory Board was set at EUR 500 (net) per Supervisory Board meeting. By mutual agreement between Tarmo Sild and Arco Vara AS, the remuneration of the Chairman of the Supervisory Board is EUR 4,000 per month with effect from 8 October 2026.

Further information about the key management personnel of Arco Vara is available on the Company's website at www.arcovara.com.

Description of Main Risks

Strategic risk

The majority of the Group's equity is allocated to development activities, with a primary focus on residential real estate development. The residential development cycle, from land acquisition to the final sale of completed units to end customers, spans several years and includes planning, design, construction, and sales. Equity is primarily invested at the beginning of the cycle (land acquisition), based on the assumption that there will be future demand for a certain type of development product. Since this demand is largely based on forecasts, the Group's main risk lies in allocating equity to a development project for which future demand may not materialize or may differ from expectations.

To mitigate this risk, the Group: (i) allocates equity across various development projects and markets (2025: Tallinn and Sofia), (ii) continuously monitors supply and demand in its core markets, and (iii) seeks to minimize the time gap between investment and demand by entering into pre-agreements with buyers, acquiring land without immediate equity investment or by deferring such investment, and utilizing alternative project financing solutions to reduce reliance on equity.

Credit risk

The Group considers its credit risks to be largely mitigated. Since the final sale of development products almost always coincides with customer payment, customer-related receivables rarely arise in practice. Additionally, the Group does not keep its cash and cash equivalents in a single bank.

Liquidity and interest rate risks

All of the Group's loan agreements are denominated in euros, and the majority of its borrowings are linked to the six-month EURIBOR. Consequently, the Group is exposed to developments in the international capital markets. The Group has not hedged its long-term interest rate risk using derivative instruments.

As of 30 September 2026, the Group's interest-bearing liabilities amounted to EUR 50,132 thousand, of which EUR 4,015 thousand is due within the next 12 months. During the first nine months of 2026, the Group's interest-bearing liabilities increased by EUR 9,670 thousand compared with 31 December 2025.

The Group's cash and cash equivalents amounted to EUR 2,993 thousand as of 30 September 2026 (31 December 2025: EUR 2,784 thousand).

During the third quarter of 2026, the Group paid EUR 998 thousand in interest on its interest-bearing liabilities (Q3 2025: EUR 815 thousand). A portion of the interest expense was capitalised, while the remainder was recognised as an expense in the statement of profit or loss. As of 30 September 2026, the weighted average interest rate on the Group's loans was 8.83%, representing a decrease of 0.07 percentage points compared with the end of 2025.

In the third quarter of 2025, Arco Vara AS completed a EUR 15 million bond issue, consisting of 150,000 bonds with a nominal value of EUR 100 each, bearing an interest rate of 8.8% and maturing on 24 September 2028. Since 25 September 2025, Arco Vara's bonds have been listed on the Nasdaq Tallinn Baltic Bond List.

Shares and shareholders

Share price

Arco Vara AS has 17,368,367 ordinary shares in issue, each with a nominal value of EUR 0.7000. The Company's shares (ticker: ARC1T, ISIN: EE3100034653) are freely traded on the Nasdaq Tallinn Stock Exchange.

As of 30 September 2026, the share price closed at EUR 1.040, compared with EUR 1.660 at the end of 2025. During the third quarter of 2026, the share traded between a high of EUR 1.350 and a low of EUR 1.030.

Equity per share amounted to EUR 2.13 as of 30 September 2026, compared with EUR 2.09 as of 31 December 2025.

As of 30 September 2026, the Company's market capitalisation amounted to EUR 18,063 thousand, and the price-to-book (P/B) ratio was 0.49 (31 December 2025: EUR 28,831 thousand and 0.79, respectively).

The charts below illustrate the share price performance and trading volumes of Arco Vara AS over the 9 months of 2026 and the last three years.

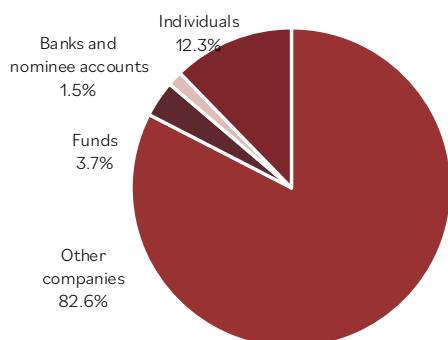


Source: <https://www.nasdaqbaltic.com/statistics/et/instrument/EE3100034653/trading> 30.09.2026

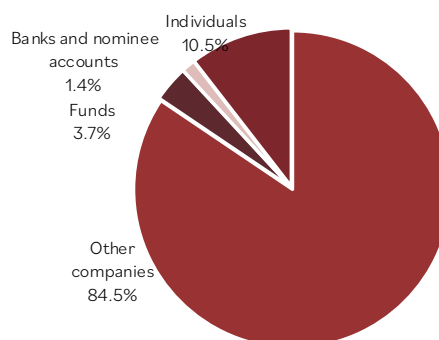
Shareholder structure

As of 30 September 2026, Arco Vara had a total of 6,844 shareholders (31 December 2025: 7,239), including 6,310 individual shareholders (31 December 2025: 6,660), who collectively held a 12.25% ownership interest in the Company (31 December 2025: 10.5%). The distribution of the Company's ownership by shareholder category is presented in the charts below.

Ownership structure as of 30.09.2026



Ownership structure as of 31.12.2025



Major shareholders on 30 September 2026

Name	No of shares	Share, %
OÜ ALARMO KAPITAL	9,163,104	52.76%
LUTHER FACTORY OÜ	1,618,926	9.32%
LUTHER FACTORY HOLDING OÜ	1,570,001	9.04%
APEX FUELS OÜ	397,294	2.29%
TEMM CAPITAL OÜ	342,949	1.97%
FIREBIRD REPUBLICS FUND LTD 1	329,357	1.90%
BO MIKAEL MATHIAS GRANROT	279,860	1.61%
AIA TÄNAV OÜ	229,000	1.32%
Total	13,930,491	80.21%

Holdings of management and supervisory board members on 30 September 2026

Name		No of shares	Share, %
Tarmo Sild ja Allar Niinepuu (Alarmo Kapital OÜ)	Chairman and a member of the Supervisory board	9,163,104	52.76%
Tarmo Sild (individual and via Aia Tänav OÜ)	Chairman of the Supervisory board	229,000	1.32%
Kert Keskpai (individual and via K Vara OÜ)	Member of the Management board	213,771	1.23%
Hillar-Peeter Luitsalu (HM Investeeringud OÜ, close associates)	Member of the Supervisory board	108,298	0.62%
Allar Niinepuu (OÜ Kavass)	Member of the Supervisory board	29,288	0.17%
Steven Yaroslav Gorelik	Member of the Supervisory board	0	0.00%
Total		9,743,461	56.10%

¹ Steven Yaroslav Gorelik is active as fund manager in three investment funds holding interest in Arco Vara: Firebird Republics Fund Ltd. Firebird Avrora Fund Ltd and Firebird Fund L.P.

CEO's Confirmation of the Management Report

The Chief Executive Officer and Member of the Management Board confirms that the Management Report for the third quarter of 2026 of Arco Vara AS presents a true and fair view of Arco Vara AS as the issuer and of the companies included in the consolidation group as a whole, their business development, financial performance and financial position, and includes a description of the principal risks and uncertainties.



Kert Kesipaik
Chief Executive and Member of the Management Board of Arco Vara AS

30 September 2026

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Note	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>					
Revenue from sale of own real estate		4,924	5,260	860	2,407
Revenue from rendering of services		393	365	137	124
Total revenue	2.3	5,316	5,624	997	2,531
Cost of sales	4	-4,784	-3,953	-745	-1,884
Gross profit		532	1,672	252	647
Other income		207	2	117	2
Marketing and distribution expenses	5	-287	-328	-68	-135
Administrative expenses	6	-1,573	-718	-538	-156
Other expenses		-321	-5	0	-1
Operating profit/loss		-1,441	622	-237	357
Finance income and costs	7	124	-28	-78	-1
Interest income and costs	7	-216	-368	-65	-100
Profit/loss before tax		-1,533	226	-380	256
Income tax		0	-13	0	0
Total comprehensive income/expense for the period		-1,533	214	-380	256
attributable to owners of the parent		-1,508	214	-355	256
attributable to non-controlling interests		-25	0	-25	0
Earnings per share (in euros)	8				
- basic		-0.09	0.01	-0.02	0.01
- diluted		-0.09	0.01	-0.02	0.01

Consolidated Statement of Financial Position

	Note	30 September 2026	31 December 2025
<i>In thousands of euros</i>			
Cash and cash equivalents		2,993	2,784
Receivables and prepayments	9	2,638	6,420
Inventories	10	88,267	74,127
Total current assets		93,898	83,331
Receivables and prepayments	9	18	18
Investment property	11	20	2,296
Property, plant and equipment		48	551
Intangible assets		26	41
Total non-current assets		111	2,905
TOTAL ASSETS		94,010	86,236
Loans and borrowings	12	4,015	4,180
Payables and deferred income	13	6,201	8,560
Provisions		272	347
Total current liabilities		10,487	13,087
Loans and borrowings	12	46,118	36,283
Payables and deferred income		375	503
Total non-current liabilities		46,493	36,786
TOTAL LIABILITIES		56,980	49,873
Share capital		12,158	12,158
Share premium		16,399	16,399
Statutory capital reserve		2,011	2,011
Other reserves	8	51	28
Retained earnings		5,767	6,593
Total Comprehensive Income for the Reporting Period		-1,533	-826
Total equity attributable to owners of the parent		34,853	36,363
Non-controlling interest (Minority interest)		2,177	0
TOTAL EQUITY		37,029	36,363
TOTAL LIABILITIES AND EQUITY		94,010	86,236

Consolidated Statement of Cash Flows

	Note	9 months 2026	Q3 2026
<i>In thousands of euros</i>			
Cash flows from operating activities			
Operating profit/(loss)		-1,441	-237
Adjustments:			
Depreciation and impairment of property, plant and equipment		33	9
Profit (loss) on disposal of non-current assets		120	120
Profit (loss) on shares and units		141	-78
Change in receivables and prepayments	9	3,783	-1,257
Change in inventories	10	-14,140	-4,992
Change in trade payables and deferred income	13	-2,524	1,967
Net cash flows from operating activities		-14,028	-4,468
Cash flows from investing activities			
Payments for acquisition of tangible and intangible assets		-15	-1
Proceeds from the sale of property, plant and equipment and intangible assets		2,612	2,612
Interest received		18	5
Net cash flows from investing activities		2,616	2,616
Cash flows from financing activities			
Proceeds from borrowings	12	15,198	4,109
Repayments of borrowings	12	-5,524	-1,264
Interest paid		-252	-71
Proceeds from the sale of own shares		2,200	0
Net cash flows from financing activities		11,622	2,775
Net cash flow		209	923
Cash and cash equivalents at the beginning of period		2,784	2,070
Change in cash and cash equivalents		209	923
Cash and cash equivalents at the end of the period		2,993	2,993

As of 2026, the Group prepares its statement of cash flows using the indirect method, whereas in previous periods the direct method was applied. Due to the change in methodology, cash flows for the reporting period are not comparable with those of prior periods. Accordingly, comparative cash flow information for 2025 is not presented. For cash flow information for 2025, please refer to the report published for the respective period.

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Non-controlling interest (Minority interest)	Total equity
<i>In thousands of euros</i>							
Balance as at 31 December 2024	7,272	3,835	2,011	28	6,593	0	19,739
Increase of share capital	4,886	12,564	0	0	0	0	17,450
Total comprehensive income for the period	0	0	0	0	214	0	214
Balance as at 30 September 2025	12,158	16,399	2,011	28	6,807	0	37,402
Balance as at 31 December 2025	12,158	16,399	2,011	28	5,767	0	36,363
Change in non-controlling interest	0	0	0	0	0	2,177	2,177
Formation of other reserves	0	0		23	0	0	23
Total comprehensive income for the period	0	0	0	0	-1,508	-25	-1,533
Balance as at 30 September 2026	12,158	16,399	2,011	51	4,259	2,152	37,029

Notes to the Condensed Interim Financial Statements

1. Significant accounting policies

The unaudited consolidated interim financial report of Arco Vara AS for Q3 2026 has been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The condensed consolidated interim report is intended to be read in conjunction with the audited consolidated financial

statements for the year ended 31 December 2025, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group's interim financial report is presented in thousands of euros, unless otherwise stated.

2. Segment information

The Group analyses its segments based on a combination of two characteristics: business activity and geographical location.

The three main reportable segments are Bulgarian Development, Estonian Development, and Estonian Construction.

Revenue by operating segment

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
Estonia				
Development	2,065	5,260	869	2,407
Construction	30	0	30	0
Other	341	365	98	125
Total revenue	2,436	5,624	997	2,532
Bulgaria				
Development	2,880	0	0	0
Total revenue	2,880	0	0	0
Group total				
Development	4,945	5,260	869	2,407
Construction	30	0	30	0
Other	341	365	98	125
Total revenue	5,316	5,624	997	2,532


Revenue by operating segment

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
Estonia				
Revenue	2,436	5,624	997	2,531
Operating profit/loss	-1,186	839	-210	443
Net profit/loss	-1,369	453	-275	367
Bulgaria				
Revenue	2,880	0	0	0
Operating profit/loss	-255	-195	-27	-56
Net profit/loss	-165	-216	-105	-81
Latvia				
Operating profit/loss	0	-22	0	-29
Net profit/loss	0	-23	0	-29
Group total				
Revenue	5,316	5,624	997	2,531
Operating profit/loss	-1,441	622	-237	357
Net profit/loss	-1,533	214	-380	256

3. Revenue

External revenue by the type of goods and services and by client location

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
Estonia				
Sale of own real estate	2,044	5,260	860	2,407
Rental of real estate	126	132	25	44
Franchise	147	136	52	48
Other revenue	31	14	30	6
Total revenue	2,348	5,542	966	2,505
Bulgaria				
Sale of own real estate	2,880	0	0	0
Franchise	66	60	23	19
Total revenue	2,946	60	23	19
Latvia				
Franchise	23	23	8	8
Total revenue	23	23	8	8
Group total				
Sale of own real estate	4,924	5,260	860	2,407
Rental of real estate	126	132	25	44
Franchise	235	219	83	75
Other revenue	31	14	30	6
Total revenue	5,316	5,624	997	2,531

4. Cost of sales

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
<i>Cost of real estate sold (notes 10, 11)</i>	-4,432	-3,673	-634	-1,778
Brokerage fees	-207	-55	-92	-27
VAT expense	0	0	0	0
Property management costs	-62	-128	-7	-56
Vehicle expenses	-1	-1	0	8
Personnel expenses	0	-45	0	-38
Purchased construction services	1	0	2	0
Other expenses	-84	-51	-13	6
Total cost of sales	-4,784	-3,953	-745	-1,884

5. Marketing and distribution expenses

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
Advertising expenses	-222	-118	-51	-49
Personnel expenses	-58	-93	-17	-38
Depreciation, amortisation and impairment losses	-7	-7	-1	-2
Other marketing and distribution expenses	0	-110	0	-46
Total marketing and distribution expenses	-287	-328	-68	-135

6. Administrative expenses

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
Personnel expenses	-644	-381	-168	-57
Personnel related expenses	-73	0	-27	0
Office expenses	-156	-56	-44	-13
IT expenses	-46	-29	-13	-13
Services purchased	-203	-142	-32	-32
Depreciation, amortisation and impairment losses	-185	-69	-168	-23
Legal service fees	-139	-26	-63	-17
Owner-related and listing expenses	-29	0	-8	0
Other expenses	-97	-15	-14	0
Total administrative expenses	-1,573	-718	-538	-156

7. Finance income and costs

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
<i>In thousands of euros</i>				
Interest expenses	-234	-382	-70	-104
Interest income	18	13	5	4
Other finance income and costs	124	-28	-78	-1
Total finance income and costs	-92	-396	-143	-101

8. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by taking into account all potentially issuable shares.

	9 months 2026	9 months 2025	Q3 2026	Q3 2025
Weighted average number of ordinary shares outstanding during the period	17,368,367	17,368,367	17,368,367	17,368,367
Number of ordinary shares potentially to be issued (at period end)	0	63,000	0	63,000
Net profit/loss attributable to owners of the parent (in thousands of euros)	-1,533	214	-380	256
Earnings per share (in euros)	-0.09	0.01	-0.02	0.01
Diluted earnings per share (in euros)	-0.09	0.01	-0.02	0.01

9. Receivables and prepayments

Short-term receivables and prepayments

	30 September 2026	31 December 2025
<i>In thousands of euros</i>		
Receivables from customers	654	163
Miscellaneous receivables	0	6
Prepaid and recoverable taxes	1,219	637
Other accrued income	10	-2
Prepayments	755	5,617
Total short-term receivables and prepayments	2,638	6,420

As of 31 December 2025, a prepayment of 4,977 thousand euros had been made for the Arcojärve property.

Long-term receivables

	30 September 2026	31 December 2025
<i>In thousands of euros</i>		
Prepayments	18	18
Total long-term receivables and prepayments	18	18



10. Inventories

Properties purchased and being developed for resale	30 September 2026	31 December 2025
<i>In thousands of euros</i>		
Properties in stock	1,014	2,520
Properties under construction	27,991	22,396
Properties with a building permit	39,597	37,087
Properties in the construction permit process	2,971	2,971
Properties in the detailed planning process	16,694	9,152
Total inventories	88,267	74,127

	2026	2025
<i>In thousands of euros</i>		
Balance at the beginning of the period, 1 January	74,127	29,170
Properties purchased for development	6,610	39,272
Construction costs of apartment buildings	12,062	4,120
Capitalized borrowing costs	3,011	1,837
Other capitalized costs	-3,188	159
Cost of sold properties (note 4)	-4,355	-3,837
Balance at the end of the period, as of 30. september	88,267	70,721

11. Investment property

	2026	2025
<i>In thousands of euros</i>		
Balance at the beginning of the period, 1 January	2,296	2,296
Sale of real estate investments	-2,276	0
Balance at the end of the period, as of 30. september	20	2,296

12. Interest bearing liabilities

	30 September 2026			31 December 2025		
	Total	of which current portion	of which non-current portion	Total	of which current portion	of which non-current portion
In thousands of euros						
Bank loans	31,202	0	31,202	21,529	122	21,407
Bonds	18,906	4,000	14,906	18,866	4,000	14,866
Finance lease liabilities	24	15	10	68	58	10
Total	50,132	4,015	46,118	40,463	4,180	36,283

During the nine months of 2026, the Group repaid EUR 5,524 thousand of borrowings through cash transactions (nine months of 2025: EUR 17,925 thousand) and obtained new borrowings totalling EUR 15,198 thousand (nine months of 2025: EUR 53,013 thousand). In addition, during the first nine months of 2026, purchasers made direct repayments to the banks amounting to EUR 512 thousand (first nine months of 2025: EUR 4,740 thousand). These payments are not reflected in the Group's statement of cash flows.

During the first nine months of 2026, the following borrowings were repaid:

- Bank loan financing for the construction of the Botanica Lozen development project in Bulgaria: EUR 1,593 thousand;
- Repayment of the loan related to the Arco L Tower development project: EUR 2,088 thousand;
- Bank loan financing for the construction of the Kodulahe Rannakalda apartment building: EUR 512 thousand;
- Bank loan financing for the land at Lammi 6, relating to the seventh stage of Kodulahe: EUR 68 thousand;
- Repayment of the padel hall development loan: EUR 1,310 thousand
- Capitalised office rent: EUR 44 thousand.

During the first nine months of 2026, the Group entered into the following new borrowings:

- Development loan for Spordi 3a and 3b: EUR 4,618 thousand;
- Development loan for the sixth stage of Kodulahe, i.e. lili 6/8/10 (formerly Soodi 6): EUR 6,889 thousand;
- Land loan for Arcojärve: EUR 3,700 thousand.

During the first nine months of 2025, the following borrowings were repaid:

- Bank loan financing for the construction of the Kodulahe Rannakalda apartment building in the amount of EUR 4,232 thousand, repaid directly by clients;
- Bank loan financing for the construction of the Kuldlehe apartment building in the amount of EUR 508 thousand, repaid directly by clients;
- Bank loan financing for the land at Lammi 6, relating to the seventh stage of Kodulahe, in the amount of EUR 39 thousand;
- Short-term bank loan of EUR 2,000 thousand to finance the Luther Quarter transaction;
- Short-term loan of EUR 12,000 thousand to finance the Luther Quarter transaction;
- Capitalised office rent of EUR 44 thousand.

During the first nine months of 2025, the Group entered into the following new borrowings:

- Bank loan financing for the Kodulahe Rannakalda apartment building in the amount of EUR 900 thousand;
- Land acquisition loan for Spordi 3a and 3b in the amount of EUR 2,190 thousand;
- Short-term bank loan of EUR 2,000 thousand to finance the Luther Quarter transaction;
- Short-term loan of EUR 12,000 thousand to finance the Luther Quarter transaction;
- Bank loan financing for the Luther development project in the amount of EUR 17,700 thousand;
- Bank loan financing for the construction of the Botanica Lozen development project in Bulgaria in the amount of EUR 1,582 thousand;
- Issued bonds in the amount of EUR 15,000 thousand to finance the Luther development project.

13. Payables and deferred income

Short-term payables and deferred income

	30 September 2026	31 December 2025
<i>In thousands of euros</i>		
Trade payables	1,340	3,217
Miscellaneous payables	2,154	809
Taxes payable		
Value added tax	-571	0
Corporate income tax	-2	0
Social security tax	51	55
Personal income tax	66	59
Other taxes	7	6
Total taxes payable	-448	120
Accrued expenses		
Payables to employees	95	206
Other accrued expenses	0	192
Total accrued expenses	95	397
Deferred income		
Prepayments received on sale of real estate	3,060	4,016
Total deferred income	3,060	4,016
Total short-term payables and deferred income	6,201	8,560

As of 31 December 2025, trade payables included a higher-than-usual balance payable to the contractor for the scheduled construction works of the Botanica Lozen development. Customer advances received for the Botanica Lozen development amounted to EUR 539 thousand as of 30 September 2026, compared with EUR 3,376 thousand as of 31 December 2025.

In addition, customer advances received for the lili 6/8/10 (form. Soodi 6) development amounted to EUR

1,776 thousand as of 30 September 2026, compared with EUR 522 thousand as of 31 December 2025. Customer advances received for the Spordi 3a/3b development amounted to EUR 741 thousand as of 30 September 2026, compared with EUR 241 thousand as of 31 December 2025.

No customer advances had been received for either the Kuldlehe or the Lutheri developments as of 30 September 2026 nor 31 December 2025.

Long-term debts

	30 September 2026	31 December 2025
<i>In thousands of euros</i>		
Other long-term payables	375	503
Total long-term payables	375	503

14. Transactions and Balances with Related Parties

The Group has conducted transactions with or holds balances involving the following related parties:

- 1) The parent company OÜ Alarmo Kapital and companies controlled by the Management Board and Supervisory Board members of Arco Vara AS that have controlling influence over the Group's parent company;
- 2) Other related parties, including members of the Management Board and Supervisory Board of Arco Vara AS, as well as companies under their control (excluding those with controlling influence over the Group's parent company).

Transactions with related parties

	9 months 2026	9 months 2025
<i>In thousands of euros</i>		
Other related parties		
Services purchased	54	96
Paid interest	37	23

The CEO of the Group's parent company was accrued total remuneration, including social security tax, of EUR 274 thousand for the first nine months of 2026 (EUR 177 thousand for the first nine months of 2025).

Remuneration accrued to the members of the Supervisory Board, including social security tax, totalled EUR 68 thousand in the first 9 months of 2026. In the first nine months of 2025, remuneration accrued to the Supervisory Board amounted to EUR 20 thousand.

Balances with related parties

	30 September 2026	31 December 2025
<i>In thousands of euros</i>		
Other related parties		
Long-term liabilities	375	503
Bonds issued	510	540

The CEO's remuneration is based on a Management Board member agreement. Under the Management Board member agreement of Rait Riim, who served as CEO of Arco Vara AS, the Supervisory Board had set a fixed monthly fee of EUR 15.5 thousand (gross). Upon termination of his service, the CEO was entitled to severance pay equivalent to four months' salary.

Members of the Supervisory Board receive remuneration of EUR 500 (net) for each meeting attended, up to a maximum of EUR 1,000 (net) per calendar month. Payment is conditional upon the relevant Supervisory Board member signing the minutes of the meeting. Reasonable travel expenses incurred in connection with attending Supervisory Board meetings are reimbursed. The Chairman of the Supervisory Board receives a fixed monthly fee of EUR 5 thousand (net).

Statement by the CEO/ Member of the Management Board

The CEO / member of the management board of Arco Vara AS has prepared Arco Vara AS's condensed consolidated interim financial statements for the third quarter ended on 30 September 2026.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and they give a true and fair view of the financial position, financial performance and cash flows of Arco Vara AS. Arco Vara AS is a going concern.



Kert Kesipaik
Chief Executive and Member of the Management Board of Arco Vara AS

30 September 2026